

# CHAPTER-3

## Financial Management

### 3.1 Strategy for fund management

The strategy for development of STs through Tribal Sub-Plan included earmarking of Plan funds of Central Ministries/Departments into a separate head of account, strengthening of administrative arrangement for implementing and monitoring the TSP funds.

#### 3.1.1 No segregation of TSP funds at State/district/block level

Audit observed that the flow of earmark TSP funds from the Ministry to the State/UT department under each scheme was segregated in the '0796-Plan Head' according to the existing scheme guideline but no segregation of such fund was available at State level. However, all the funds received for implementation of the schemes including TSP funds were kept in a common fund. No separate account/records of funds received under TSP from the Central Government were being maintained.

### 3.2 Improper earmarking and less release of TSP fund

Para 5.9 of the revised guidelines stipulated that Ministries/Departments grouped into four categories, are required to earmark TSP outlay in proportion to their percentage of obligation (**Annex-3**).

(a) Accordingly, the Department of School Education and Literacy falls under the category-IV and was required to earmark 10.70 *per cent*. Similarly, Department of Higher Education falls under the category- III and required to earmark 7.50 *per cent* of total outlay.

Audit noticed that these departments failed to follow the prescribed norms. As a result there were substantial excess/under allocations and short releases during 2011-12 to 2013-14 as detailed below:

(` in crore)

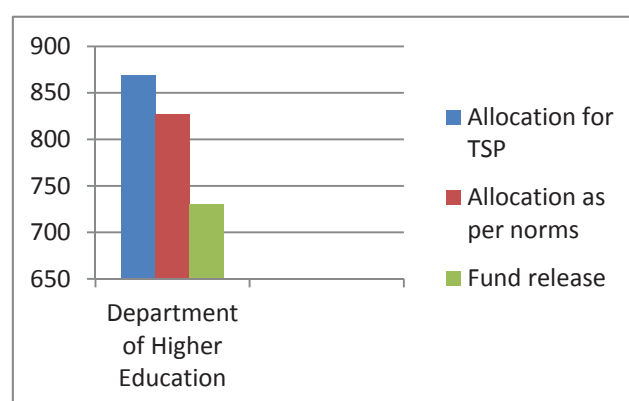
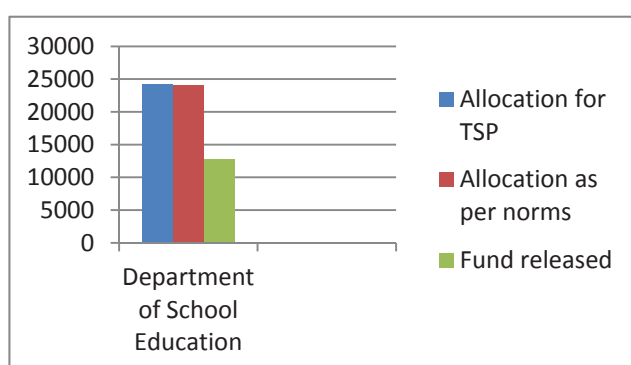
Ministry of Human Resource Development (Department of School Education & Literacy)						
Period	Total allocation of funds	Allocation made for TSP	Required allocation (10.70%)	Fund released under TSP	Fund not released (3-5)	Percentage of released Fund
1	2	3	4	5	6	7
2011-12	75148.72	7956.12	8040.91	3748.58	4207.54	47.11
2012-13	84768.53	9133.24	9070.23	4262.54	4870.70	46.67
2013-14	64239.59	7092.07	6873.61	4719.63	2372.44	66.55
		<b>24181.43</b>	<b>23984.75</b>	<b>12730.75</b>		

Source: Data supplied by the Ministries

(₹ in crore)

Ministry of Human Resource Development (Department of Higher Education)						
Period	Total allocation of funds	Allocation made for TSP	Required allocation (10.70%)	Fund released under TSP	Fund not released (3-5)	Percentage of released Fund
1	2	3	4	5	6	7
2011-12	3484.50	256.00	261.34	256.00	---	100
2012-13	3928.76	332.71	294.66	230.21	102.50	69.19
2013-14	3611.94	279.61	270.89	243.45	36.16	87.07
		<b>868.32</b>	<b>826.89</b>	<b>729.66</b>		

Source: Data supplied by the Ministries



Audit further noticed that releases of TSP fund were significantly lower as compared to its allocations made by both the departments. The Department of School Education & Literacy (SE&L) had released less than 50 *per cent* TSP fund during 2011-12 and 2012-13, and 66.55 *per cent* during 2013-14 whereas the Department of Higher Education had released up to 69 *per cent* to 87 *per cent* during 2012-13 & 2013-14 respectively.

**(b) Short/non release of TSP fund of ` 13138.05 crore**

Audit further observed that the departments of the Ministries had short released the TSP funds against the total earmarked funds in the selected schemes to States / Central Autonomous Bodies during 2011-12 to 2013-14.

(` in crore)

Department	Scheme / Central Autonomous Bodies	Amount short/non released	Remarks
DSE&L	SSA, MDM, ICT	11645.65	The reasons for such short releases were not found on record. Further, in respect of RMSA and TE, no allocation of funds for TSP was made by the Ministry <b>(Annex 4)</b> .
	ICT, RMSA & TES	-----	<b>Non release of TSP funds (Annex 5)</b>
DHE	UGC, IGNOU & AICTE	138.65	The department did not adopt earmarked norms i.e. 7.5 <i>per cent</i> while releasing TSP Funds. <b>(Annex 6)</b>
DHFW	NPCDCS, NPHCE, IMMUNIZATION, FPSPIP	1353.75	Amount short released. <b>(Annex 7)</b>
<b>Total</b>		<b>13138.05</b>	

Thus, short release of the TSP funds amounting to ` 13138.05 crore during 2011-12 to 2013-14 reflects inadequate control on the management of funds by the departments.

### 3.3 Non adoption of earmarking norms:

#### (a) Incorrect release of TSP funds to tribal majority States amounting to ₹ 706.87 crore

As per Tribal Development Strategy and Programmes, the TSP concept is not applicable to the tribal majority States i.e Arunachal Pradesh, Meghalaya, Mizoram and Nagaland and in the UTs of Lakshadweep and Dadar & Nagar Haveli where tribal represent more than 60 *per cent* of the population and thus the Annual Plan of these States/UTs are actually a Tribal Plans.

Despite this position, following departments and Central autonomous bodies under the two ministries released TSP funds amounting to ₹ 706.87 crore under the selected schemes during 2011-12 to 2013-14 to these States. Department wise details are as under:

#### Details of incorrect release of TSP grants

Sl. No.	Department/ Central AB	Amount (in crore)
1.	Department of School Education and Literacy	365.80
2.	Department of Health and Family Welfare	301.69
3.	University Grants Commission (Department of Higher Education)	34.72
4.	All India Council of Teacher Education (Department of Higher Education)	1.00
5.	Central Council for Research in Homoeopathy (CCRH) (Department of AYUSH)	3.40
6.	Central Council for Research in Ayurvedic and Sciences (CCRAS) (Department of AYUSH)	0.26
<b>Total</b>		<b>706.87</b>

While replies from other departments are yet to be received, the Ministry of AYUSH (CCRH and CCRAS) stated (July 2015) that Council was in the process of identifying the Units/Programme which qualify for release of TSP fund.

#### (b) Release of TSP funds to non ST populated States- ₹ 326.21 crore

Para 2.2(a) of The TSP guidelines stipulates that Central Ministry/ Departments are, *inter alia*, required to earmark funds under TSP from the

Plan outlay, at least, in proportion of percentage of SC and ST population in the country. Guidelines also provide that only those schemes should be included under the criteria of expenditure, which ensure direct benefit to individuals of families belonging to the ST.

Audit noticed that contrary to the above provisions, the following departments and Central autonomous bodies under the respective departments earmarked / released TSP Funds amounting to ` 326.21 crore under the selected schemes during 2011-12 to 2013-14 to States / UTs (e.g. Delhi, Chandigarh, Haryana, Punjab, Puducherry) where ST population was Nil as per Census 2011. Department wise details are as under:

#### Release of TSP funds to non ST populated States

Sl. No.	Department/ Central AB	Amount ( in crore)
1.	Department of School Education and Literacy	68.85
2.	Department of Health and Family Welfare	152.82
3.	University Grants Commission (Department of Higher Education)	97.02
4.	All India Council of Teacher Education (Department of Higher Education)	6.03
5.	Central Council for Research in Unani Medicine (Department of AYUSH)	0.51
6.	Central Council for Research in Ayurvedic Sciences (Department of AYUSH)	0.98
<b>Total</b>		<b>326.21</b>

Thus, the TSP funds were not released as per the prescribed parameters.

While replies from other departments are yet to be received, the Ministry of AYUSH (CCRUM) stated (July 2015) that there is no tribal institute/unit functioning under the Council. However, proportionate fund was allocated to the clinical centres under the Council for incurring expenditure on tribal population. The reply of the department is not tenable since as per Census 2011 the TSP fund is not meant for States which do not have tribal population.

The Department (CCRAS) accepted the observations (July 2015) and stated that it would be more careful in selecting the tribal areas in future.

### Case study

The UGC has been releasing grants to JMI & AMU (Central Universities) under plan head-General Components only and not under SC/ST component. Out of the TSP fund amounting to ₹ 444.33 crore received under ST component from the Ministry of HRD, the UGC released ₹ 7.46 crore and ₹ 2.44 crore to these Universities during 2011-12. Later on, the matter was referred to the Ministry (April 2013) by UGC for clarification to release TSP funds to JMI and AMU in spite of them having minority character. The reply/clarification from the Ministry had not been received. Meanwhile, the JMI also on receiving the TSP fund sought clarification (November 2013) from UGC, whether ST component was applicable to JMI, it being a minority institution. Though the Ministry did not clarify, UGC further released ₹ 3.75 crore and ₹ 8.25 crore under TSP during 2013-14 to JMI and AMU respectively. This only highlights the lack of clarity in the TSP strategy and allocation and utilisation of funds under TSP.

### 3.4 Release of funds amounting to ₹ 433.09 crore at the end of the year

GFR 215(2) provides that a mechanism for avoiding release of large part of funds towards the end of the year should be devised and incorporated in the scheme design itself.

(a) Audit noticed that as against total releases of ₹ 4395.32 crore by Department of H&FW during the period 2011-12 to 2013-14 in selected five schemes i.e. National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Disease and Stroke, Infrastructure Maintenance, Immunisation (Pulse Polio Immunisation), Flexible Pool for State PIPs-RCH Flexible Pool and Mission Flexible Pool schemes, ₹ 427.82 crore in 59 cases were released at the end of the year (month of March) in contravention of the above provisions. The Scheme-wise/amount wise release of funds in the month of March is given in **Annex-8**.

(b) Audit also noticed that in the following cases the TSP grant of ₹ 5.27 crore was released by the Department of AYUSH also under various schemes at the end of the year.

Sl. No.	Name of the Council	Sanction No. & Dated	Financial year	Amount (₹ in crore)
1.	Central Council for Research in Ayurvedic Sciences (CCRAS)	G27012/32012R.Desk dated 28.03.2013	2012-13	3.00
2.	Central Council for Research in Homoeopathy (CCRH)	No. G-27012/052013-RD dated 21.03.2014	2013-14	0.50
3.	Central Council for Research in Unani Medicine (CCRUM)	No. G27012/8/2013-Research Desk dated 05.03.2014	2013-14	1.77

The department (CCRAS, CCRH and CCRUM) accepted and stated (July 2015) that observation has been noted for future compliance.

### 3.5 Non receipt of utilisation certificates in respect of funds released under TSP

The Ministry/Department at the time of releasing of funds under different heads i.e. General, SC and ST released the Central assistance/Central share to the States trifurcating into three heads i.e. 187- General, 789- Special Component Plan for SC and 796- Tribal Sub-Plan.

Audit noticed that Utilisation Certificates from the State Governments were received by MHRD (Department of SE&L) and MHFW (Department of H&FW) for total funds released and not as per the head-wise releases. Hence, the position of actual utilization of funds under TSP component was not available in the records of the Ministry/ Department. In the absence of proper utilisation certificates for TSP funds, its intended utilisation remained unascertainable.

### 3.6 Grants-in-aid to Central ABs – Deficiencies in utilisation thereof

Following central ABs under the respective departments received TSP funds as grants-in-aid. The condition governing sanction of the grants-in-aid required furnishing of UCs after close of the financial year certifying that the amount has been utilised for the purpose for which it had been sanctioned.

**Details of TSP Grants-in-aid received**

(` in crore)

Name of the Deptt.	Name of the Councils/Institutions	2011-12	2012-13	2013-14	Total
Higher Education	UGC	434.00	349.39	378.38	1161.77
	AICTE	12.25	30.00	27.75	70.00
	IGNOU	3.75	4.13	3.45	11.33
AYUSH	CCRUM	3.00	3.00	1.77	7.77
	CCRAS	4.50	5.00	5.00	14.50
	CCRH	2.00	2.00	2.00	6.00

Scrutiny of records in the offices of above ABs revealed that:

- These six organisations furnished UCs to the respective department for the whole grant without furnishing the details of actual utilisation.
- The UCs furnished by the units to UGC also did not show the detailed breakup of regular funds and TSP funds, with the result that utilisation of TSP funds was unascertainable.
- Against ` 70.00 crore received during 2011-14 under TSP, the AICTE released ` 79.50 crore to various institutions/polytechnics/ Universities etc. Reasons for excess release of ` 9.50 crore were not on record.
- CCRH had paid contingent advance of ` 27.60 lakh from unspent balance of TSP fund during 2011-14 and treated this as final expenditure/utilised. The Department stated (December 2014) that advances had been paid against the anticipated expenditure and were shown as expenditure. The reply is not tenable as advances cannot be construed as expenditure.



### No separate budget head for TSP accounts

- **AICTE**

AICTE releases grants to various Institution/Universities/Polytechnics etc. under various schemes/programmes of technical education. It was seen that during 2011-12 to 2013-14, AICTE had released TSP funds amounting to ₹ 79.50 crore under various schemes. Audit observed that these funds were released without ensuring that the projects were relevant for ST population and deserved to be covered from TSP funds. Audit also observed that no segregation of funds was available in the case of releases and utilisation. In reply, AICTE stated that no separate budget head of account had been created to book the expenditure separately; no specific guidelines from Ministry of HRD about utilization of TSP fund had been received. Further, grants released can only be accounted for under ST Head to the extent of 7.5 per cent and utilization can also be reported by this method.

The reply highlights the lack of clear cut directions and divergent practices adopted by various agencies. Booking expenditure and reporting utilisation of TSP funds was treated as a routine exercise.

- **IGNOU**

IGNOU received TSP funds of ₹ 11.33 crore from the Ministry of HRD during 2011-12 to 2013-14 and released it to its various Regional Centres in composite form and no segregation of distributed TSP fund was available with IGNOU. IGNOU stated (September 2014) that segregation of grant distributed under each component to each Regional Centre was not feasible. However, audit observed that despite Ministry's guidelines, there was no concerted effort to earmark projects for the benefit of ST beneficiaries by the IGNOU.

### **Case Study**

#### **Diversion of TSP Funds**

Three Councils of the Department of AYUSH utilised TSP funds ` 27.29 crore out of ` 28.27 crore during 2011-12 to 2013-14 towards purchase of medicines, salaries paid to regular staff, contingencies etc. under research projects. The expenditure was not related to development of STs as research programme related to propagation and development of Indian Systems of Medicines where the benefits percolate to the complete strata of population.

Audit further noticed that out of the allocations / releases of ` 9.77 crore under TSP, the CCRUM and CCRH diverted unspent TSP funds of ` 5.86 crore towards other general plan fund during 2011-12 to 2013-14.

Ministry of AYUSH (CCRH) accepted the observations (July 2015). In the case of CCRUM, it was stated that no fund was diverted to the general plan. Audit observed that the reply was factually incorrect.

The observations establish that organisations were receiving funds under TSP like regular funds and they lacked clarity on the purpose and ways for using it for the benefit of tribal population.

### **3.7 Non-lapsable Pool of TSP Funds (NLCPTF)**

Para 5.9 of the revised guidelines stipulated that TSP funds (shown respectively under the Minor Head 796 of all Ministries) remaining unutilized at the end of a financial year may be transferred, on the lines of Non-lapsable Central Pool of Resources (NLCPR) for the North Eastern region to be named as “Non-lapsable Pool of TSP Funds (NLCPTF).” The funds from these non-lapsable pools may be allocated to the Ministry of Tribal Affairs for implementing schemes for STs development as well as for providing incentives to State Government for effective implementation of TSP, which may form a part of Central Assistance for State Plans.

The recommendations of Inter-Ministerial Committee (January 2013) also clarified that in case it was found that the earmarked funds for TSP in a particular year was not spent in proportion to the share of ST population in the State, it must be ensured that the gap was funded suitably for providing funds to that extent in the non-lapsable pool to be administered by the concerned Nodal Ministry i.e. Ministry of Tribal Affairs which may in turn,

allocate the funds for implementing schemes exclusively for the benefit of STs.

The Planning Commission stated (October 2014) that the provision for creation of Non-Lapsable Pool of Resources was yet to be created.

Further, The Ministry of Tribal Affairs also replied (October 2014) that the Non-Lapsable Central Pool of TSP Funds (NLCPTF) had not been formulated so far and thus, that Ministry had not received any funds in this regard.

Thus, the concept of transfer of unutilised TSP funds to NLCPTF remained a non-starter.

### **3.8 State specific findings on the financial management in respect of selected schemes.**

Examination of records in the selected States corroborated audit findings related to fund management and utilisation. Deficiencies in the financial management as per details given hereunder:

#### **3.8.1 Non maintenance of separate account of TSP fund**

##### **Department of SE&L**

- In **Assam, Bihar, Daman & Diu, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Rajasthan, Tamil Nadu, Andhra Pradesh, Kerala**, no separate accounts/records of funds received under TSP from the Centre were being maintained. All the funds received for implementation of Scheme including TSP were kept in a common pool fund. Thus, the quantum of expenditure of TSP fund was also not available/ quantified. **(Annex 9(i))**

##### **Department of Health & Family Welfare**

- In the States of **Madhya Pradesh, Jharkhand, Assam, Odisha, J&K, Karnataka, Kerala, Sikkim, Rajasthan, Bihar, Tamil Nadu** and **Daman & Diu** accounts in respect of TSP fund were not maintained separately in the selected schemes under Health components during 2011-14. Further, in Bihar no details of TSP funds released by the Government of India were available. **(Annex 9(ii))**

### 3.8.2 Short/delay in release by Central Govt.

#### Department of SE&L

- In **Gujarat** and **Chhattisgarh**, no funds were provided under TSP by the Centre during 2011-14 under SSA and during 2011-12 and 2013-14 under RMSA.
- In **Andhra Pradesh**, **Tripura** and **Sikkim**, the Central share of TSP funds released at the fag end on 12 to 20 months later respectively under SSA, MDM, RMSA, ICT and TES. **(Annex 10 (i))**

#### Department of H&FW

- In the State of **J&K**, **Kerala**, **Assam** **Jharkhand**, **Madhya Pradesh**, **Maharashtra**, **Karnataka**, **Rajasthan** and **Sikkim**, no Central share was released by the Government of India during 2011-12 to 2013-14 under NPCDCS, NPHCE, Immunisation, FPSPIP, & IMS. **(Annex 10(ii))**

### 3.8.3 Short/delay in release by State Govt.

#### Department of SE&L

- In **Andhra Pradesh**, **Assam**, **Bihar**, **J&K**, **Jharkhand**, **Karnataka**, **Madhya Pradesh** and **Manipur**, State share corresponding to the funds received from the Centre had not been released to districts under SSA, MDM, RMSA, ICT and TES. **(Annex11 (i))**
- In **Andhra Pradesh**, **West Bengal** and **Sikkim** State share was short released under the Scheme and in **Jharkhand**, **Karnataka**, **Maharashtra**, **Manipur**, **Odisha** and **Rajasthan** State share was not released within the time frame. **(Annex 11 (ii))**

#### Department of H&FW

- In the State of **Karnataka**, **Bihar**, **Assam** **J&K** and **Sikkim**, no State share was released under NPCDCS, NPHCE, IMS, and FPSPIP. **(Annex 12(i))**
- In five districts<sup>5</sup> of **Madhya Pradesh** funds were not released to the districts in proportion of their tribal population. However, there was short release of ` 5.29 crore by GOI against the proportion of tribal population under the TSP head. **(Annex 12(ii))**

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<sup>5</sup> Dhar, Jhabua, Chhindwara, Ratlam and Hoshangabad

### 3.8.4 Non/under utilisation of TSP fund

#### Department of SE&L

- In **Chhattisgarh, Daman & Diu, Gujarat, J&K, Madhya Pradesh, Rajasthan, Tamil Nadu** and **Andaman & Nicobar** against release there was under utilisation of funds in various schemes. **(Annex 13(i))**

#### Department of H&FW

- In the States of **Madhya Pradesh, Andhra Pradesh, Sikkim, J&K Odisha, Jharkhand** and **Rajasthan** TSP fund were under utilised in NPCDCS, NPHCE, FPSSIP, IMS and Immunisation Schemes. **(Annex 13(ii))**

### 3.8.5 Other deficiencies

#### Department of H&FW

- In **Manipur**, diversion of TSP fund of ₹ 16.32 crore and irregular drawal of TSP fund of ₹ 1.94 crore were noticed. **(Annex 14)**

#### **Recommendations:**

- ❖ *Ministry should review the TSP strategy to ensure that the expenditure reported under it is linked with flow of benefits to STs.*
- ❖ *The Ministry should operationalise the accounting arrangements to ensure that TSP funds do not get diverted.*
- ❖ *The Ministry should ensure timely release of funds for all components at the central and state levels to facilitate uninterrupted implementation of the schemes covered under TSP.*
- ❖ *The Ministry should issue appropriate instructions for maintenance of separate account and preparation/ submission of separate UCs of TSP fund by States.*